

THE IRON BAY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED DECEMBER 31, 1972

TRUSTEES

DAVID A. HUNTLEY, C.A.
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and

MONTREAL TRUST COMPANY
15 King Street West
Toronto 105, Ontario

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company
15 King Street West
Toronto 105, Ontario

THE IRON BAY TRUST

SUMMARY INFORMATION

Mining Property and Royalty

The Iron Bay Trust owns an 80% interest in the mining property of The Griffith Mine, which is located near Red Lake, Ontario. The mine is operated by The Steel Company of Canada, Limited and the Trust receives a royalty based on the tonnage of iron ore pellets shipped from the mine. The royalty rate changes proportionately with changes in the price of iron ore pellets and will increase to 46.19 cents per ton of pellets commencing January 1, 1973. The following list details the changes which have occurred in the royalty rate since the inception of the Trust:

<u>Royalty to the Trust</u>	<u>Per ton</u>
For shipments of pellets from commencement of production to December 31, 1969	40 cents
For shipments of pellets made during the period January 1 to December 31, 1970	42.22 cents
For shipments of pellets made during the period January 1, 1971 to December 31, 1972	44.44 cents
For shipments of pellets made after January 1, 1973, the rate will be	46.19 cents

Function of the Trust

The principal function of the Trust is to collect the royalty described above and disburse the royalty to the Trust unit holders in the calendar year of receipt.

Lessee of Mining Property

The Steel Company of Canada, Limited

Name of Project

The Griffith Mine

Three Year Financial Summary

	<u>1972</u>	<u>1971</u>	<u>1970</u>
Royalties received	\$ 622,139	615,337	544,085
Distributions			
to Trust Unit Holders	\$ 610,049	602,625	537,345
	23.83 cents per unit	23.54 cents per unit	20.99 cents per unit
Total Distributions			
to Trust Unit Holders			
from inception to			
December 31, 1972	\$2,206,212	(86.18 cents per unit)	

THE IRON BAY TRUST

GENERAL FUND STATEMENT OF RECEIPTS AND DISBURSEMENTS For the year ended December 31, 1972

Receipts	1972	1971
Royalties	\$ 622,139	\$ 615,337
Interest	4,509	3,989
	<u>626,648</u>	<u>619,326</u>
Disbursements		
Administrative expenses	9,376	9,476
Transfer to Reserve Fund (Note 2) ..	1,000	1,000
Trustees' fees	6,266	6,193
	<u>16,642</u>	<u>16,669</u>
Net receipts available for distribution ...	610,006	602,657
Distributions to unit holders	<u>610,049</u>	<u>602,625</u>
Net receipts (disbursements)	(43)	32
Cash on hand at beginning of year	34	2
Cash on hand (overdrawn) at end of year \$	<u>(9)</u>	<u>34</u>
Distributions per unit	<u>23.83 cents</u>	<u>23.54 cents</u>

RESERVE FUND STATEMENT OF RECEIPTS AND DISBURSEMENTS For the year ended December 31, 1972

Receipts	1972	1971
Transfer from General Fund	\$ 1,000	\$ 1,000
Interest	397	337
	<u>1,397</u>	<u>1,337</u>
Cash on hand at beginning of year	4,707	3,370
Cash on hand at end of year	<u>\$ 6,104</u>	<u>\$ 4,707</u>

THE IRON BAY TRUST

TRUSTEES' REPORT

For the year ended December 31, 1972

To the Trust Unit Holders:

Royalties received during 1972 from The Griffith Mine amounted to \$622,139 compared to \$615,337 in 1971. The Trust receives its production royalties on a quarterly basis in the month following the end of each calendar quarter. The following is a schedule of the amounts received in 1972:

	<u>Tons of pellets</u>	<u>Royalty per ton</u>	<u>Royalty</u>	<u>Royalty received</u>
October to December, 1971	328,717	44.44 cents	\$ 146,108	January, 1972
January to March, 1972 . .	322,394	44.44 cents	143,298	April, 1972
April to June, 1972 . . .	402,169	44.44 cents	178,756	July, 1972
July to September, 1972	346,420	44.44 cents	153,977	October, 1972
	<u>1,399,700</u>		<u>\$ 622,139</u>	

Royalties for the production period October to December, 1972, amounted to \$159,642 and payment was received in January, 1973. Production for the period was 359,165 tons of pellets.

Four distributions totalling 23.83 cents per unit were paid during the year for an aggregate distribution of \$610,049. During the previous year, four distributions totalling 23.54 cents per unit were paid for an aggregate distribution of \$602,625. The following are details of the amounts paid in 1972:

<u>Royalty Distribution Number</u>	<u>Amount per unit</u>	<u>Record date</u>	<u>Payment date</u>
10	5 cents	February 11, 1972	February 28, 1972
11	5 cents	May 12, 1972	May 29, 1972
12	5 cents	August 11, 1972	August 28, 1972
13	8.83 cents	November 10, 1972	November 27, 1972
	<u>23.83 cents</u>		

For income tax purposes unit holders are entitled to a depletion allowance of 25% of the amount of royalty received.

A quarterly distribution of 5 cents per Trust unit will be paid on February 26, 1973, to unit holders of record on February 9. Quarterly distributions will continue on the same basis as in 1972, with the first three distributions paid in even amounts and the fourth distribution paying out the balance of funds received by the Trust during the year.

The royalty rate will increase to 46.19 cents per ton for shipments of iron ore pellets made after January 1, 1973. The increase is 3.9 per cent and arises because of a general increase in the price of pellets.

A recent newspaper article reviewed current plans and developments at The Griffith Mine. A reprint of the article is enclosed with this report for the information of those unit holders who did not see the original publication.

DAVID A. HUNTLEY and
MONTREAL TRUST COMPANY
Trustees

January 24, 1973.

THE IRON BAY TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 1972

- NOTE 1. The Trust owns an 80% interest in a mining property in the Bruce Lake area, District of Kenora, Ontario. The mining property is leased to The Steel Company of Canada, Limited, until April 30, 2040, and the Trust receives a royalty based on quantities of iron ore pellets shipped from the mine. The royalty rate is subject to change in proportion to changes in the prevailing Cleveland market price for Lake Superior District iron ore pellets.
- NOTE 2. The Trust indenture provides that \$1,000 a year is to be transferred to a reserve fund and the balance of receipts after deducting disbursements is to be distributed to the unit holders in the calendar year of receipt.
- NOTE 3. The Trust has an authorized and issued capital of 2,560,005 Trust units.

AUDITORS' REPORT

To The Unit Holders
The Iron Bay Trust

We have examined the statements of receipts and disbursements of the General Fund and the Reserve Fund of The Iron Bay Trust for the year ended December 31, 1972. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these statements present fairly the cash transactions of the Trust for the year ended December 31, 1972, and the balance of cash on hand at that date.

RIDDELL, STEAD & CO.,
Chartered Accountants

Toronto, Ontario
January 5, 1973

THE IRON BAY TRUST

NOTES TO THE FINANCIAL
STATEMENTS

Note 1

The Trust owns an 80% interest in a mining property in the Bruce Lake area, District of Kenora, Ontario. The mining property is leased to The Steel Company of Canada Limited until April 30, 2040, and the Trust receives a royalty based on quantities of iron ore pellets shipped from the mine. The royalty rate is subject to change in proportion to changes in the prevailing Cleveland market price for Lake Superior District iron ore pellets.

Note 2

The Trust indenture provides that \$1,000 a year is to be transferred to a reserve fund and the balance of receipts after deducting disbursements is to be distributed to the unit holders in the calendar year of receipt.

Note 3

The Trust has an authorized and issued capital of 2,560,005 Trust units.

THE IRON BAY TRUST

TRUSTEES'

interim report

FOR THE SIX MONTHS ENDED JUNE 30, 1972

TRUSTEES

DAVID A. HUNTLEY, C.A.
47 Main Street
Newmarket, Ontario
Tel. 884-8902

and

MONTREAL TRUST COMPANY
15 King Street West
Toronto 105, Ontario

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company
15 King Street West
Toronto 105, Ontario

THE IRON BAY TRUST

TRUSTEES' INTERIM REPORT

For the six months ended June 30, 1972

To the Trust Unit Holders:

Royalties received from the Griffith Mine during the six months ended June 30 amounted to \$289,406 from the shipment of 651,111 tons of iron ore pellets. In addition \$178,756 was received in July from the shipment of 402,169 tons of pellets. The following is a detailed schedule of the amounts received.

Shipment period	Tons of pellets	Royalty per ton	Royalty	Date royalty received
Oct. to Dec., 1971	328,717	44.44 cents	\$146,108	Jan., 1972
Jan. to Mar., 1972	322,394	44.44 cents	143,298	Apr., 1972
	<u>651,111</u>		<u>289,406</u>	
Apr. to June, 1972	402,169	44.44 cents	178,756	July, 1972
	<u>1,053,280</u>		<u>\$468,162</u>	

Included in the April to June period is \$21,524 from the shipment of 48,425 tons from stock pile. Shipments from stock pile were composed of undersized material which had accumulated over a lengthy period of time. No further material of this type presently remains to be shipped.

During the six months ended June 30 in the preceding year \$307,181 was received from the shipment of 709,507 tons of pellets and in July 1971 \$151,951 was received from the shipment of 341,862 tons.

Two quarterly distributions of five cents each have been paid so far this year. The third quarterly distribution of five cents per unit will be paid on August 28, 1972 to unit holders of record on August 11. The fourth and final distribution of the year will be paid on November 27 and will disburse all funds on hand at that time.

DAVID A. HUNTLEY and
MONTREAL TRUST COMPANY,

August 8, 1972.

Trustees.

THE IRON BAY TRUST

GENERAL FUND

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the six months ended June 30, 1972

	1972	1971
Receipts		
Royalties	\$ 289,406	\$ 307,181
Interest	1,382	1,322
	<u>290,788</u>	<u>308,503</u>
Disbursements		
Administrative expenses	5,661	5,503
Transfer to Reserve Fund (note 2)	1,000	1,000
Trustees' fees	2,908	3,085
	<u>9,569</u>	<u>9,588</u>
Net receipts available for distribution	281,219	298,915
Distributed to unit holders	<u>256,000</u>	<u>256,000</u>
Net receipts	25,219	42,915
Cash on hand at beginning of year	34	2
Cash on hand at end of period	<u>\$ 25,253</u>	<u>\$ 42,917</u>
Distributions per unit ...	<u>10 cents</u>	<u>10 cents</u>

RESERVE FUND

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the six months ended June 30, 1972

	1972	1971
Receipts		
Transfer from General Fund	\$ 1,000	\$ 1,000
Interest	189	164
	<u>1,189</u>	<u>1,164</u>
Cash on hand at beginning of year	4,707	3,370
Cash on hand at end of period	<u>\$ 5,896</u>	<u>\$ 4,534</u>